

MICHIGAN INTANGIBLES TAX RETURN

Issued under P.A. 301 of 1939. Filing is mandatory.

1996
C-6606

▶ 1. Enter calendar year or ending date of fiscal year (mo./day/yr.) of this return _____

PART 1: IDENTIFICATION

▶ 2. Filer's Name (First, Middle Initial, Last)			▶ 3a. Your Social Security Number	
Spouse's Name (First, Middle Initial, Last)			3b. Spouse's Social Security Number	
Home Address (No., Street, P.O. Box or Rural Route)			4. If part-year resident, enter dates: From: _____ To: _____	
City or Town	State	ZIP Code	5. Filing method (Check one) <input type="checkbox"/> Monthly Average <input type="checkbox"/> Retroactive Date	

Complete items 6a - c only if you are filing for a deceased taxpayer.

6a. File Number	6b. County	6c. Date of Death
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PART 2: TAX COMPUTATION

7. Tax stocks and bonds from Schedule 1, line 27.....	7. _____	.00
8. Tax accounts and notes receivable from Schedule 2, line 30.....	8. _____	.00
9. Tax mortgages and land contracts from Schedule 3, line 32.....	9. _____	.00
10. Tax annuities from Schedule 4, line 34.....	10. _____	.00
11. Tax beneficiaries from trust return (attach).....	11. _____	.00
12. TOTAL - Add lines 7, 8, 9, 10 and 11.....	▶ 12. _____	.00
13. STATUTORY DEDUCTION (Single - \$280; Joint - \$560).....	▶ 13. _____	.00
14. Subtract line 13 from line 12. If line 13 is greater than line 12, enter zero.....	14. _____	.00
15. Cash on hand and in transit on retroactive date.....	15. _____	.00
16. Multiply line 15 by 20¢ per \$1,000 (.0002).....	16. _____	.00
17. Add lines 14 and 16.....	17. _____	.00
18. Multiply line 17 by 50% (.50).....	18. _____	.00
19. TOTAL TAX DUE. Subtract line 18 from line 17.....	▶ 19. _____	.00
20. Advance or estimate payments.....	20. _____	.00
21. Net tax due (if line 19 is greater than line 20, enter balance due; if line 20 is greater than line 19, enter refund on line 25).....	21. _____	.00

PART 3: BALANCE DUE OR REFUND

22. PENALTY, 5% of the tax due per month (minimum \$10 the first month) to a maximum of 50% (See instructions, page 3).....	22. _____	.00
23. INTEREST (See instructions, page 3).....	23. _____	.00
24. TOTAL DUE (Add lines 21, 22, 23).....	PAY ▶ 24. _____	.00
25. If line 20 is greater than line 19, enter amount to be refunded.....	REFUND ▶ 25. _____	.00

Make your check or money order payable to: "State of Michigan." Write your Social Security number and "Intangibles Tax" on your check or money order. Mail to: Intangibles Tax Section, Michigan Department of Treasury, Lansing, Michigan 48922.

PART 4: DECLARATIONS

Year of last return filed:	Name and address shown on last return:

I declare, under penalty of perjury, that this return and all attached schedules are true and complete.

☐ *I authorize Treasury to discuss my return with my preparer.*

☐ *Do not discuss with my preparer.*

Your Signature	Date	Preparer's Signature, Address, Phone and ID No.	Date
Spouse's Signature	Date		

COMPLETE SCHEDULES ON BACK

State of

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1996

Intangibles Tax Returns and Instructions

This booklet contains the following forms and instructions:

- **C-6645**
Schedule for S-Corporation Deduction
- **C-6606**
Michigan Intangibles Tax Return
- **C-4267**
Application for Extension of Time to File Michigan Tax Returns
- **C-6607**
Intangibles Tax Estimate Voucher

*This booklet is only intended as a guide to help you
complete your return; it does not take the place of the law.*

RETROACTIVE DATE: September 30, 1996

Important Information for 1996

Amendments to the Intangibles Tax.

Public Act 4 of 1995 amended the *Intangibles Tax Act*. It increases the tax exemption for a single return to \$280 and for a husband and wife filing a joint return to \$560. It also reduces the computed tax liability by 25 percent for 1994, 25 percent for 1995, 50 percent for 1996 and 75 percent for 1997. Public Act 5 of 1995 repeals the intangibles tax in tax year 1998.

Fiscal-year filers should reduce the computed tax due by the following percentages: for fiscal years ending in 1994, 25 percent; for fiscal years ending in 1995, 25 percent; for fiscal years ending in 1996, 50 percent; and for fiscal years ending in 1997, 75 percent. The intangibles tax is repealed beginning January 1, 1998.

If You Need Help

For additional information or answers to your questions about Michigan intangibles tax you may call the Intangibles Tax Section at (517) 373-3162 (voice) or (517) 373-9419 (TDD for deaf, hearing or speech impaired persons). Assistance is available from 8 a.m. to 5 p.m. Monday through Friday.

When corresponding with Treasury be sure to include your Social Security or federal ID number.

Additional Forms

Call our computerized forms message system at 1-800-FORM-2-ME (367-6263), tell it what forms you need and we will mail them to you. This number can be called 24 hours a day. Forms are also available at all treasury offices listed on the back of this booklet.

General Information for Intangibles Tax Returns

The Michigan intangibles tax is levied on the ownership of intangible property such as stocks, bonds or land contracts. Intangible personal property is exempt from local property tax. Part of the revenue from this tax is returned to local units of government.

Who Must File

Individual & Joint Returns

File the *Michigan Intangibles Tax Return* (form C-6606).

A Michigan resident whose dividends and interest from intangible property exceeds \$8,000 per year must file a *Michigan Intangibles Tax Return* (form C-6606). A husband and wife may file a joint return if their dividends and interest exceeds \$16,000 per year. A husband and wife may file a joint return even if the property is not owned jointly.

A return must also be filed if the ownership of non-income producing intangible property exceeds \$280,000 for a single return or \$560,000 for a joint return. A return must be filed if a combination of ownership of non-income producing intangibles and income-producing intangibles produces a tax that exceeds the allowable statutory deduction.

If a taxpayer died during the year, file a *Michigan Intangibles Tax Return* (form C-6606) reporting ownership of all intangible personal property from the beginning of the tax year to the date of death.

Estates

File the *Michigan Intangibles Tax Fiduciary Return* (form C-6608).

An estate is a continuing owner of the decedent's property. A *Michigan Intangibles Tax Fiduciary Return* (form C-6608) must be filed for the period from the date of death until the end of the tax year and for tax years after the date of death until the estate is closed. Allocation of tax is not permitted for an estate. The fiduciary is liable for the tax even though distributions of income may occur during the administration of the estate.

Trusts

File the *Michigan Intangibles Tax Fiduciary Return* (form C-6608).

A trustee of a trust is the owner of intangible personal property to the extent the income from the trust is accumulated. A trustee must file a *Michigan Intangibles Tax Fiduciary Return* (form C-6608) covering the amount of property held. If the income from the trust is distributed to the beneficiaries, the trust return must show the names and addresses of the beneficiaries and the amount of the tax applicable to each. A beneficiary must file an intangibles return and pay the tax required. A copy of the trust return must accompany the beneficiary's return.

Estimated Payments

If you wish to file a voluntary estimated payment, use the *Intangibles Tax Estimate Voucher* (form C-6607). DO NOT use form MI-1040ES.

Note: Estimated income tax payments filed on form MI-1040ES cannot be transferred to an intangibles tax account.

Schedules to Attach to Your Return

U.S. 1040 Schedule B must be attached to the *Michigan Intangibles Tax Return* (form C-6606). *U.S. 1040 Schedule B* may not be substituted for Schedule 1 on page 2 of form C-6606.

Shareholders with distributions from an S-Corporation must complete and attach a *Schedule for S-Corporation Deduction* (form C-6645) to determine the amount of the distribution to include on Schedule 1, page 2 of form C-6606 or C-6608. For your convenience, two copies of form C-6645 are included in this booklet.

When and Where to File

1996 returns are due on April 30, 1997 for calendar-year taxpayers. Fiscal-year taxpayers must file on the 30th day of the fourth month following the end of their fiscal year. Mail returns and payments to:

Intangibles Tax Section
Michigan Department of Treasury
Lansing, Michigan 48922

Make checks payable to "State of Michigan." Write your Social Security number and "intangibles tax" on your check.

For proper credit do not enclose this return with your individual income tax return. An income tax refund cannot be used to offset intangibles tax due. Payments must be made with the intangibles tax return.

Extensions

Written requests for an extension of the filing date will be granted for 180 days. Use the *Application for Extension of Time to File Michigan Tax Returns* (form C-4267) included in this book. The request must be received before the due date of the return. Treasury will not return a copy of the approved extension to you. A federal extension is not an acceptable substitute for a Michigan extension.

Penalty and Interest

If you file and pay late, Treasury will add a penalty of 5 percent of the tax due every month until you file and pay. Minimum late penalty is \$10. Maximum late penalty is 50 percent of the balance of tax due. If you pay late, you must add penalty and interest to the amount due. The annual interest rate is 1 percent above the current prime rate. The rate is adjusted on January 1 and July 1.

Method of Filing

Two methods of filing are available. The first return you file will determine the method you will use for all future returns. If you wish to change your method of filing, you must write Treasury one year in advance and obtain permission to change methods.

Monthly Average Method

The monthly average method is the listing of all property owned during the year, and income received from it. The appropriate tax will be computed based on this information. This is the method used by most taxpayers.

Retroactive Method

Each year, Treasury establishes a retroactive date for the year. The taxpayer reports all intangible property owned on that date as if it was held for the entire year. The income will be computed on the property as if it was held all year, and in the case of non-income producing property the value will be considered as being held all year. This method is used primarily by persons who have a large number of transactions during the year. The retroactive date for the year is shown at the top of page 2.

Note: The retroactive method cannot be used for filing delinquent returns.

Tax Rate

The tax rate is the greater of 3-1/2 percent of the income from the intangible personal property or 1/10 of 1 percent of the value of the property. Cash items are taxed at the rate of 20 cents per thousand dollars.

Deductions

An individual is entitled to a deduction of \$280 from the tax. Spouses who file a joint return are allowed a deduction of \$560 from the tax. If a taxpayer died and the return does not cover a full 12-month period, the deductions will be reduced proportionately. There is no statutory deduction allowed from the tax on cash on hand or in transit.

Part-Year Residents

Compute the tax as if you were a full-year resident and claim the full statutory deduction. Prorate the tax based on the percentage of time you were a Michigan resident.

Property Subject to Tax

- Stocks and bonds, except as indicated below
- Stock in bank holding corporations
- Stock in public utilities. Entire gross dividend taxable, no exclusions allowed
- Mortgages and land contracts
- Annuities
- Accounts and notes receivable, income producing and non-income producing
- Beneficial interest in trust
- Cash on hand and cash in safe deposit boxes
- Ready asset accounts
- Dividends and interest earned from credit unions
- Money market funds issued by brokerage houses or investment trusts
- Government National Mortgage Association (GNMA) debentures and notes
- U.S. National Mortgage Association (FNMA) debentures and notes
- Mutual funds:
 - a. Ordinary dividends are always taxable
 - b. Capital gains portion taken in cash is taxable
 - c. Capital gains portion reinvested in additional shares of the fund is exempt
- S-Corporation Distribution. The tax will be either 1/10 of 1 percent of the value of the stock or 3-1/2 percent of the yield (cash received) from the stock, whichever is greater.

Note: S-Corporation Income Deduction. You may deduct from intangibles yield (income) the lesser of:

- 1) The amount that can be included as intangible yield due to a distribution to a shareholder by an S-corporation,

OR

- 2) 20 percent of the shareholder's share of the S-corporation income.

Property Exempt From Tax

- Stocks of banks and trust companies that are not part of a holding corporation.
- Bonds issued by the State of Michigan, or a political subdivision of the State of Michigan.
- Tax-exempt BOND FUNDS are exempt based on the percentage reported by the fund that represents bonds issued by Michigan and its political subdivisions.
- U.S. obligations which can be subtracted on the *Michigan Income Tax Return* (MI-1040).
- Tax-exempt MUTUAL FUNDS. Use the same adjustments for yield as for bond funds. CAUTION: the adjustments must reflect exempt items only. GNMA and FNMA are taxed by Michigan.
- Intangible personal property owned by a person or business enterprise engaged in business activity as defined by Section 3 of the Single Business Tax Act when the income from such property is considered in the computation of business income as defined by the Single Business Tax Act. Business activity does not include services as a director. Intangible property owned by a director is taxable.
- Deposits and share accounts in banks and savings and loan associations, including money market certificates and certificates of deposit, regardless of the state in which the institution is located.
- Interest and dividends of a partner under a partnership agreement.

Line-by-Line Instructions

Lines not listed are explained on the form.

PART 1 - IDENTIFICATION

Line 2 - Peel off your mailing label and place it in box 2 of the return. If the label is incorrect, write the correct information in box 2 and do not use the label.

Line 5 - Indicate filing method - monthly average method or retroactive date method. See page 3 for definition of filing methods.

Before proceeding, complete Schedules 1, 2, 3 and 4 on the back of form C-6606 according to the following instructions.

SCHEDULE 1

Stocks, Bonds, Shares in Credit Unions

For income producing intangible property, mutual funds, etc., complete only line 26, columns A, G and I.

Column B: Indicate with an "S" or "B" whether the item is a stock or a bond.

Column C: Indicate with a "C" or "P" whether the class of stock is common or preferred.

Column E: Indicate the par value per share of stock or the face value of each bond. In the case of no par stock the value is fixed by statute at \$1 per share.

Column F: Indicate the portion of the year held. For example, "all" if it was held for the entire 12 months, 3/12 if it was held for three months, etc.

Column G: Enter the total dividends or interest received during the year. A dividend paid in cash by a public utility is income regardless of the treatment for federal income tax purposes. If you have distributions from an S-Corporation, complete the *Schedule for S-Corporation Deduction* (form C-6645) then enter the amount from form C-6645, line 8 in this column.

Column H: For stock, multiply columns D, E and F. This column need not be computed unless you have not received income from your intangible holdings.

Column I: When all stocks and bonds are income producing, total column G and multiply this total by 3.5 percent (.035). Enter the result in column I. Enter non-income producing stocks and bonds item by item in column I. Total the tax in column I and enter the amount on line 27 and line 7.

SCHEDULE 2

Accounts and Notes Receivable

Accounts and notes receivable are separated into income and non-income producing categories.

Line 28 - Column B: Enter the average of non-income producing accounts and notes receivable.

Column D: Enter the tax determined by multiplying the amount shown in column B by 1/10 of 1 percent.

Line 29 - Column B: Enter the average balance of income producing accounts and notes receivable maintained on your records.

Column C: Enter gross interest income produced by income-producing receivables reported in column B.

Column D: Enter the greater of 3.5 percent of column C or 1/10 of 1 percent of column B.

Line 30 - Add the amounts in column D and enter the total here on line 8.

SCHEDULE 3

Mortgages and Land Contracts

List each mortgage and/or land contract. The deduction for mortgages or land contracts payable is used only if the mortgage or land contract covers the same piece of real estate that is being sold on the mortgage or land contract.

Column A: Enter the type of investment, such as land contract or mortgage, and the name of payor.

Column B: Enter the interest rate that applies to the intangible.

Column C: Enter the portion of the year the property was held, i.e., all 3/12, 1/12, etc.

Column D: Enter the average face value of the instrument by adding the balance due at the end of each month and dividing the total by 12.

Column E: Enter the average balance of the mortgage or land contract owed on the same property on which you have a land contract receivable. Determine the average balance by adding the balance owed at the end of each month and dividing the total by 12.

Column F: Subtract the amount shown in column E

from the amount in column D and multiply the result by the fraction shown in column C. Enter the results in this column.

Column G: Multiply the amount in column F by the interest rate in column B and enter here.

Column H: Enter the greater of 3.5 percent of column G or 1/10 of 1 percent of column F. Add the amounts in column H and enter the total on line 32 and line 9.

SCHEDULE 4

Annuities

Taxable annuities are annuities that issue periodic payments to the taxpayer. Exclude annuities that are being purchased or that have not matured. If the annuity policy does not have a specified interest rate, the interest rate is assumed to be 3 percent.

Column A: Enter the name of the company.

Column B: Enter the interest rate received on the annuity. If no interest rate is stated, enter 3 percent.

Column C: Indicate the portion of the year held, i.e., 1/12, 1/4, 1/2, etc.

Column D: Enter the amount received in interest during the year.

Column E: Enter the reserve balance of the annuity. In most cases this is the reserve balance on December 31 of the prior year's intangibles tax return. In case of a new annuity, you can obtain the reserve balance from the company at the date payment started.

Column F: Multiply the amount in column E by the interest rate in column B. Multiply this result by the fraction shown in column C. Enter the results here.

Column G: Add the amounts shown in column E and column F and subtract the amount shown in column D. Enter the results here.

Column H: Add the amounts shown in columns E and G. Divide the total by 2. Enter the result here.

Column I: Enter the greater of 3-1/2 percent of column F or 1/10 of 1 percent of column H. Add the amounts shown in column I and enter the total on line 34 and line 10.

RETURN TO PAGE 1 OF THE TAX RETURN

PART 2 - Tax Computation

Line 11 - Combine the tax from all trusts of which you are a beneficial owner and enter the combined total here. Attach copies of trust returns.

Line 18: Calendar-year filers and fiscal-year filers (year ending in 1996), multiply the amount on line 17 by 50 percent.

Mail the completed return to:

Intangibles Tax Section
Michigan Department of Treasury
Lansing, Michigan 48922

Make your check or money order payable to "State of Michigan" and include it with your return. Write your Social Security number and "Intangibles Tax" on your check or money order.

TREASURY FIELD OFFICES

Treasury field offices do not prepare tax returns. If you need help, please call the main office in Lansing.

Main Office:

LANSING, 48922
Treasury Building
430 W. Allegan St.
1-800-827-4000 (refunds)
1-800-487-7000 (information)

Other Offices:

DETROIT, 48226
State of Michigan Plaza Building
1200 6th St.

ESCANABA, 49829
State Office Building, Room 7
305 Ludington St.
(closed 12:30 - 1)

FLINT, 48502
State Office Building, 7th Floor
125 E. Union St.
(closed 12 - 1)

GRAND RAPIDS, 49503
State Office Building, 3rd Floor
350 Ottawa St., NW

KALAMAZOO, 49005-0286
535 S. Burdick St., Ste. 197
(closed 12 - 1)

PONTIAC, 48342
100 N. Saginaw St.

SAGINAW, 48607
State Office Building, 4th Floor
411-I E. Genesee St.
(closed 12 - 1 and all day Friday)

TRAVERSE CITY, 49684
701 S. Elmwood Ave., Ste. 1
(open 8 - 12 only)

Deaf, hearing or speech impaired
persons may call 517-373-9419 (TDD) or the Michigan Relay
Center at 1-800-649-3777.

SCHEDULE 1 - Stocks and Bonds
ATTACH a copy of U.S. 1040 Schedule B.

[illegible]

SCHEDULE 2 - Accounts and Notes Receivable

A. Accounts and Notes Receivable	B. Average Balance of Receivable	C. Income Applicable to Column B	D. Tax @ 3-1/2% (.035) of Col. C or 1/10 of 1% (.001) of Col. B, whichever is greater
28. Non-income producing			
29. Income producing			
30. TOTAL SCHEDULE 2 (Transfer to page 1 - line 8)			

SCHEDULE 3 - Mortgages and Land Contracts

31A.	B.	C.	D.	E.	F.	G.	H.
TYPE OF INVESTMENT & DESCRIPTION	Interest Rate	Portion of Year	Average Face Amount	Average Balance of Mortgage Owning on Same Real Estate (For Use on Land Contracts Only)	Net Amount Taxable (Col. D - Col. E) X Col. C	Interest Earned Col. F X Col. B	Tax @ 3-1/2% (.035) of Col. G or 1/10 of 1% (.001) of Col. F, whichever is greater
32. TOTAL SCHEDULE 3 (Transfer to page 1 - line 9)							

SCHEDULE 4 - Annuities

33A.	B.	C.	D.	E.	F.	G.	H.	I.
NAME OF COMPANY	Interest Rate	Portion of Year	Amount Received During Year	Reserve Balance January 1 of Tax Year	Income Taxable Col. E X Col. B X Col. C	Reserve Balance December 31 of Tax Year Col. E + Col. F - Col. D	Average Reserve Balance (Col. E + Col. G) ÷ 2	Tax @ 3-1/2% (.035) of Col. F or 1/10 of 1% (.001) of Col. H, whichever is greater
34. TOTAL SCHEDULE 4 (Transfer to page 1 - line 10)								